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**COVID-19 Response Policies and the Care Economy:**  
Mapping economic and social policies in the ECE region



## **COVID-19 Response Policies and the Care Economy: Mapping economic and social policies in the ECE region <sup>1</sup>**

In March 2020, the United Nations (UN) Secretary-General released the report, "Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19". It underscores that advancement in the implementation of the Sustainable Development Goals (SDGs) will enable countries to better respond to crises such as the COVID-19 pandemic. SDG implementation also contributes to fewer people living in poverty, increased gender equality, a healthier natural environment for all, and more resilient societies.

To support governments' efforts to scale up and expand their response to the immediate socio-economic impacts of the pandemic, the five UN regional commissions – ECA, ECE, ECLAC, ESCAP and ESCWA – are implementing a UN Development Account project. The project's central objective is to support member states to design and implement suitable policies for rapid recovery from COVID-19, with an embedded human rights and gender perspective, in order to increase resilience, especially of the most vulnerable populations, against the negative impacts of adverse exogenous shocks.

The second objective is to strengthen care economy policies for post-pandemic recovery by focusing on the development of innovative capacities and cooperation mechanisms<sup>2</sup> Such mechanisms could, for example, integrate the care economy into social protections and other public policies of the COVID-19 recovery efforts.

The Development Account project is aligned with the 2030 Agenda for Sustainable Development. Its medium-term impact will be an improved identification of excluded and newly vulnerable groups through support for the design and delivery of improved gender-sensitive measures that integrate informal and care economy policies in the recovery. The project will also align with the UN Framework for immediate socio-economic response to COVID-19.

To achieve its objective, the project supports member states across the ECE region by strengthening national capacities to design and implement social and economic policies with a gender perspective, for rapid recovery from COVID-19 and increase resilience, especially of the most vulnerable populations, against future exogenous shocks.

This document provides a mapping of policy initiatives in the ECE region. It identifies applications of best practices and innovative approaches which can be incorporated into individual country's measures and initiatives. It is based on data from all ECE member states, compiled between July and September 2020, from available international or regional databases as well as national sources.

<sup>1</sup> This report is part of the United Nations Development Account tranche 13 project: Strengthening Social Protection for Pandemic Response, in particular its workstream on strengthening care policies with a gender lens with the participation of UN regional commissions and cooperating partners, including UN Women regional offices. It is prepared by Silke Steinhilber, a consultant to the UNECE for this project workstream under the guidance of Malinka Koparanova, Senior Social Affairs Officer in UN Economic Commission for Europe (ECE). The author would like to thank Sara Cantillon, Director of the Wise Centre for Economic Justice, Glasgow School for Business and Society for useful suggestions, and Mario Baumann for research assistance.

<sup>2</sup> The other workstreams are: a) Enhanced capacity for social protection by improved institutional capacity among government stakeholders to implement and deliver social protection, and b) Improved poverty measurement, and identification by improved national capacity for producing timely and disaggregated poverty measures, and vulnerability identification, following internationally agreed guidance.

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## Summary

Care comprises all activities that enhance people's physical and emotional health and wellbeing. Care is essential for sustaining human life and for the reproduction of the workforce and societies. The care economy thus represents a fundamental contribution to economic production and sustainable development.

Care work, both paid and unpaid, is currently mostly done by women. Despite its importance, care work continues to lack visibility. It is underestimated and disregarded in the design of economic and social policies, including in the ECE region.

The COVID-19 pandemic has reinforced the centrality of care and has highlighted how the care economy and economic and social inequalities are deeply intertwined. Women dedicate a larger amount of time to unpaid work, and the closure of care and education institutions during the pandemic has increased that amount. While women's paid care work has been considered 'essential work' in the fight against the pandemic, its monetary recognition and working conditions have not changed for the better. These challenging working conditions and the low pay in care professions remain key obstacles in the recruitment and retention of personnel. They are predicted to impact the post-pandemic recovery.

Comprehensive care policies are fundamental for women's economic empowerment and gender equality. Care policies must become a key element in economic and social policies for recovery. The care economy creates jobs both directly and indirectly and enables other sectors of the economy to function adequately.

This document presents a mapping of relevant policy measures directly impacting the care economy, including both paid and unpaid care. It focuses on six groups of policy interventions that have been included in COVID-19 response and recovery packages throughout the ECE region. The first is the protection of jobs, especially in the care sector; the second is economic stimulus action in specific sectors and enterprises, including the care sector and care enterprises. The third group of interventions includes measures focused on paid care work, particularly those addressing pay and working conditions of paid care workers. Fourth are measures targeted at the income protection of care workers, as well as measures specifically addressing gender pay inequity. Fifth are other fiscal and tax policies which impact the care economy. Sixth are measures focused on unpaid care work, including the reconciliation of paid work and family life, as well as interventions emphasizing or promoting the co-responsibility for care, in particular measures promoting the takeover of care work by men.

This mapping provides arguments for the strengthening of national capacities to design and implement social and economic policies with a gender perspective, for rapid recovery from COVID-19 and an increased resilience, especially of the most vulnerable populations, against future exogenous shocks. It is hoped that the policy examples outlined in the mapping can stimulate the mutual learning between ECE Member States.

## 1. Introduction

Since the beginning of 2020, the unfolding COVID-19 pandemic has affected people across the globe, including in the ECE region. In September 2020, altogether 94 per cent of the world's workers lived in countries with at least some sort of workplace closure measure in place. As the COVID-19 pandemic and associated crises advance, there are growing concerns that it is deepening existing inequalities, particularly gender inequalities (UN Women 2020d, 2020b; Ladd and Bortolotti 2020). In fact, the UN Secretary-General has pointed out that the crisis is threatening to “push back the limited gains made on gender equality and exacerbate the feminization of poverty, vulnerability to violence, and women’s equal participation in the labour force” (United Nations Secretary General 2020).

The impacts on different parts of the ECE region have varied depending on the timing of the initial outbreak, economic and demographic structures, and pre-existing capacities (UN ECE 2020). Governments in the region have developed a wide array of containment measures and public policy responses to alleviate the burden of the pandemic and its consequences on the economy and society. Prominent reactions have focused on fiscal and monetary policies, as well as on employment, health, family, and social protection (Gentilini et al. 2020).

Much attention has been focused on care work during the pandemic. It has been recognized, yet again, how unpaid care work, paid care work, and paid work are very closely interdependent (International Labour Organization 2018).<sup>3</sup> Care work happens both at the frontline of the pandemic response, such as in the health sector and in efforts to protect particularly vulnerable groups of the population. Care work also happens in private households and within families. Children are homeschooled; elderly family members and members of the community are given support and care. Additionally, family members who have contracted COVID-19 require support and care. There is a crisis of care, which already existed before the pandemic, but which has increased in 2020. The crisis of care has a disproportionate impact on women since they are carrying the overwhelming weight of care work in families and societies.

Many countries have adopted large-scale fiscal packages in response to the COVID-19 crisis, particularly to support incomes and businesses (International Labour Organization 2020a). Many of the measures included in country-level responses to the pandemic have directly impacted the care economy, including both paid and unpaid care work. For example, some policies were addressed at facilitating paid care work in the health sector, where workloads increased massively during the immediate response to the pandemic. Countries also introduced policies to support parents, primarily mothers, dealing with the consequences of school and childcare closures. Other policies, targeted at employers, were aimed at creating opportunities for employees to work from home.

## 2. Mapping economic and social policies in response to COVID-19

This document presents a mapping of relevant policy measures directly impacting the care economy, including both paid and unpaid care (see Table 1). It focuses on six groups of policy interventions that have been included in COVID-19 response and recovery packages. The first is the protection of jobs, especially in the care sector; the second is economic stimulus action in specific sectors and enterprises, including the care sector and care enterprises. The third group of interventions includes measures focused on paid care work, particularly those addressing pay and working conditions of paid care workers. Fourth are measures targeted at the income protection of care workers, as well as measures specifically addressing gender pay inequity. Fifth are other fiscal and tax policies which impact the care economy. Sixth are measures focused on unpaid care work, including the reconciliation of paid work and family life, as well as interventions emphasizing or promoting the co-responsibility for care, in particular measures promoting the takeover of care work by men. The measures mapped below reflect the situation in the region until beginning of July 2020, with some exceptions depending on data availability.

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<sup>3</sup> The definition of “care work” and the “care economy” applied here is based on International Labour Organization 2018. Care work is defined as activities and relations involved in meeting the physical, psychological, and emotional needs of other persons, as well as activities in social reproduction. Care work can be paid and unpaid and can be provided in households and institutional settings.

**Table 1. Overview of policy measures covered in the mapping**

<b>1. Job protections, especially in the care sector</b>	<ul style="list-style-type: none"> <li>- Employment protection (including provisions for women workers, gender mainstreaming, and measures addressing all with care responsibilities)</li> <li>- Public works programs (including programs especially addressed at women, gender mainstreaming)</li> <li>- Measures addressed at workers in non-standard forms of employment, informal economy, gig-work etc. (including assessments of (over)representation of women in these sectors)</li> </ul>
<b>2. Economic stimulus actions in targeted sectors and enterprises</b>	<ul style="list-style-type: none"> <li>- Targeted supports to particularly affected sectors, including care sector, with high numbers of women employees (e.g. tourism &amp; hospitality)</li> <li>- Measures addressing women entrepreneurs (including microenterprises), focus on care enterprises (including women-led care enterprises)</li> <li>- Measures addressed at self-employment (including self-employed women, all those with care responsibilities, and sectors where women are over-represented)</li> </ul>
<b>3. Fiscal and tax policies with impacts on the care economy</b>	<ul style="list-style-type: none"> <li>- Subsidies/tax relief for care services (including kindergarten, long-term care)</li> <li>- Changes in tax rates (e.g. reduction of VAT), tax moratoria</li> <li>- Subsidies (e.g. social insurance, housing, electricity)</li> <li>- Investment in care services, including public and private childcare and elder care services</li> <li>- Inclusion of care services in government spending and fiscal policies.</li> </ul>
<b>4. Income protection for care workers; gender pay inequity</b>	<ul style="list-style-type: none"> <li>- Cash benefits/ income supports, esp. those established/modified to deal with consequences of the pandemic (e.g. extension of unemployment benefits)</li> <li>- Measures to counter the exacerbation of gender pay imbalances caused by COVID-19</li> <li>- Measures to address the income generation/ protection of women-headed households</li> </ul>
<b>5. Measures focused on paid care work</b>	<ul style="list-style-type: none"> <li>- Strengthened investment in the health sector; measures addressing pay and working conditions</li> <li>- Strengthened investment in care sectors (including elder care, long-term care, social work)</li> <li>- Measures addressing pay and working conditions</li> <li>- Special measures addressing domestic workers and domestic service</li> <li>- Measures focusing on migrant domestic workers (in country of destination and country of origin)</li> </ul>
<b>6. Measures addressing unpaid care work, work-family reconciliation, and co-responsibility for care</b>	<ul style="list-style-type: none"> <li>- Income protection for parents (caretakers) who reduce their working time due to care responsibilities and care institution closures</li> <li>- Measures facilitating working from home specifically addressing workers with care responsibilities</li> <li>- Changes to work-family reconciliation policies (including extension of leave schemes, maternity/breastfeeding provisions)</li> <li>- Measures/ campaigns emphasizing co-responsibility for care and reproductive work and gender equality</li> </ul>

There are great differences in ECE countries' economic and fiscal preconditions, impacting their abilities to take effective measures to counteract the impacts of the COVID-19 pandemic (UNECE 2020). Some of the high-income countries in the region, especially EU member states, have deployed an enormous volume of resources to the COVID-19 response. Similar resources are not available to other countries in the region, most notably in Eastern Europe, the Caucasus and Central Asia (EECCA). Numerous countries are dependent on external support to sustain their pandemic response and recovery measures, including health and social measures, or will have to rely on external support in the future because of debt accumulated during the pandemic response (European Commission 2020).

Mapping policies over the course of a developing pandemic has various challenges and limitations. First, the situation has evolved rapidly throughout 2020 with respect to the spread of the COVID-19 virus, as have response measures taken. While the situation continues to evolve, available data is limited, especially with regard to the region as a whole. With second and third waves of the pandemic affecting countries at different times and in different intensities, some emergency measures are progressively extended into the fall and winter of 2020; some new measures are being introduced. To document the impact of response and recovery measures on the care



economy, it will therefore be necessary to update and deepen the mapping as the pandemic continues to develop, and as governments throughout the region continue to devise and refine their response policies. Predictably, emergency measures are soon going to give way to interventions that seek to achieve more structural effects. Also, financial pressures as well as calls for a return to fiscal austerity are likely to grow. In the aftermath of past crises and economic downturns, austerity measures have proven to impact women and the care economy particularly negatively.

Care regimes and institutional arrangements regarding care work differ greatly within the ECE region. These arrangements predate the current emergency situation but shape the crisis response. There is significant path dependency and reliance on pre-existing institutional structures during the pandemic response. In addition, care work remains often overlooked or undervalued in economic and social policy making – a fact that was already highlighted before the pandemic but has influenced recent decision making as well as the mapping itself (Oxfam International 2020a). Measures affecting the care economy were not always adequately documented. Additionally, interventions with direct relevance for the care economy sometimes lag behind in larger decision-making processes.

Despite the challenges, a process of intra-regional mutual learning on best practices and innovative approaches is promising. Thereby, individual measures and initiatives can progressively advance toward including the care economy in efforts to ‘build back better’ after the pandemic.

### **3. COVID-19 responses with impacts on the care economy**

The care economy has been, and continues to be, the backbone of the pandemic response. From hospitals to long-term care and social work, one could hardly imagine a response to the pandemic without paid care workers (World Health Organization 2019). Yet, care work during the pandemic has not only happened within the healthcare system. Care work includes care for persons with disabilities and chronic diseases, assistance to elderly persons, family assistance, and family therapy. In addition to these examples of paid care work, the response to the pandemic has also highlighted the importance of unpaid care work for children and other family members.<sup>4</sup>

To a very large extent, care work is done by women. All paid care activities are highly feminized throughout the ECE region, and in ECE countries for which data is available, women have very high or medium to high levels of employment in the care sector (International Labour Organization 2018).<sup>5</sup>

#### **3.1. Job protection, especially in the care sector**

Women account for a large proportion of workers in frontline occupations during this pandemic, especially in the health and social care sectors which are at the heart of paid care work. Women’s workloads in these sectors have increased significantly during the pandemic response, while workloads in other sectors of the economy have been reduced, mainly as a consequence of lockdowns implemented in most countries in the ECE region.

Low-paid, part-time, young, and ethnic minority workers are most vulnerable to the consequences of the pandemic. Non-standard workers are also among the most economically affected as they work in sectors hardest hit by the crisis (tourism, hospitality, construction, and retail) (OECD 2020b).

The International Labour Organization (ILO) estimated that during the first quarter of 2020 an equivalent of 130 million full-time jobs have been lost as a consequence of the pandemic and associated policy responses. During this quarter, Europe and Central Asia experienced a reduction in employment hours of 3.4 per cent, or 11 million full-time employment (FTE) equivalent jobs, with the largest losses occurring in Southern Europe (5.3 per cent) and Western Europe (4 per cent). During the second quarter of 2020, the hours worked in Europe and Central Asia are estimated to have declined by 13.9 per cent, or 45 million FTE jobs.

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<sup>4</sup> Country-specific information included in this document was gathered in an extensive mapping table based on information published by multiple international and national sources. Where no specific other reference is given, the mapping table is the relevant secondary source.

<sup>5</sup> Note that the ILO report includes data on care workers in education, health, domestic workers (employed by households) and non-care workers in care sectors (ILO page 194)

The largest loss in this region is estimated to have occurred in Southern Europe (18.0 per cent), followed by Northern Europe (15.3 per cent), Western Europe (14.3 per cent), Central and Western Asia (13.6 per cent), and Eastern Europe (11.6 per cent).<sup>6</sup>

Short-term work schemes, wage guarantee funds, or similar job retention schemes have been implemented in many ECE countries. These measures support enterprises that cannot cover their regular wage costs because of pandemic-related declines in demand, or because production and sale facilities had to close temporarily during lockdowns. Short-term work schemes ensure that the working time of employees can be reduced, but that the employees are not laid off. Public funds are used to cover (part of) the difference between an employee's regular salary and the reduced-hours salary, as well as, in most cases, social security contributions.

During the COVID-19 pandemic, short-term work schemes have been used in Austria, Belgium, Bulgaria, Germany, Denmark, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Netherlands, Norway, Poland, Portugal, Romania, Sweden, Slovenia, and the United Kingdom (UK) (ETUC European Trade Union Congress 2020). Typically, short-term work schemes, or crisis-related wage subsidy schemes, existed prior to the pandemic, but they were expanded temporarily in 2020 (Austria, Belgium, Germany, Denmark, Spain, France, Ireland, Netherlands, Norway, Poland, Portugal, Romania, Sweden). Some countries have newly introduced short-term work/ wage subsidies in response to COVID-19 (Slovenia, UK) (OECD 2020c).

**Azerbaijan** has introduced legislative measures aimed at employers to prevent unjustified dismissals and layoffs of employees in the private sector. A program was developed to compensate entrepreneurs and their employees for the damage caused by the pandemic and the lockdown.<sup>7</sup>

In **Kyrgyzstan**<sup>8</sup>, the **Russian Federation** and **Spain**, the number of publicly funded social workers were increased to ensure and, where necessary, expand the provision of assistance to the population, for example home care for elderly, dependent or disabled people affected by the closure of day centers or social centers in response to social distancing requirements (UNDP 2020).

Disaggregated data is limited on the relative distribution of short-term work funds between sectors and sizes of enterprises. Even where data is available, it may be too imprecise for specific assessments of the situation in care professions as these tend to be subsumed under the service sector. Data from Germany for example shows that 92 per cent of enterprises benefitting from short-term work benefits were in hospitality, 44 per cent in the metal, electro and steel industry, and 43 per cent in services and private households, followed by 38 per cent in trade and automobile services, as well as 38 per cent in other services (Schäfer 2020, updated 2020). There is no further disaggregation as to the beneficiaries within the category of services.

Some ECE member states are implementing measures addressed specifically at employees in precarious labour market positions, for example workers with temporary contracts or on-call workers.

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